




RETIREMENT BOARD POLICY AND REFERENCE MANUAL

SUBJECT: DUE DILIGENCE VISITATIONS POLICY STATEMENT	Section: 2-1B Date Adopted/Revised: 2/08/2017
SYSTEM(S): JOINT	Approved:  Retirement Administrator

PURPOSE

This Due Diligence Visitations Policy statement is to be implemented in harmony with existing philosophy, objectives, policies and guidelines previously approved by the Boards. This policy is supplemental to the filing and disclosure requirements under the Political Reform Act and is not in lieu of those requirements. Specific processes and procedures for due diligence visitation travel reimbursements are described in the Boards Travel Reimbursement Policy Section 2-1C.

POLICY

It is the desire and intention of the Retirement Boards ("Boards") of the City of Fresno Fire and Police and Employees Retirement Systems ("CFRS") to ensure that:

1. Staff pursues Due Diligence Visitations with both current and prospective managers to receive up-to-date operational, financial and company information;
2. The Retirement Administrator has discretionary authority to approve staff travel as necessary in carrying out the administrative responsibilities of the Systems, such as conducting on-site visits as part of the due diligence evaluation of current and proposed providers of services;
3. Individual Board members may attend scheduled due-diligence offsite meetings in the interest of gaining knowledge and insights observing the process of due diligence with existing managers and or new manager searches, selections and evaluations.

The responsibility for establishing standards of accountability for CFRS Board Members and retirement staff relative to off-site due diligence visitations is vested with the Boards.

This policy shall periodically be reviewed and amended by the Boards at any time.

A. Due Diligence Visitations

It is the Boards' desire to have staff conduct on-site due diligence visitations of portfolio management firms, custodians, consultants, and other service providers which are currently retained or under consideration for retention by the Boards.

To this end, the Boards agree it is appropriate for staff to conduct biennial on-site due diligence visitations of the portfolio management firms, custodian, consultants and other service providers currently retained by the Boards, within the constraints of the annual budget appropriations. It is understood that Board Members may attend the on-site visitations along with the Retirement Administrator and/or consultants for the purpose of gaining knowledge into the process.

Staff will also conduct on-site due diligence visitations of the portfolio management firms, custodian and consulting firms under consideration for retention by the Boards. It is understood that Board Members may attend the on-site visitations along with the Retirement Administrator and/or consultants for the purpose of gaining knowledge into the process. In making the selection for participation in each due diligence visitation, each Board shall give due regard to achieving a rotation of **all** Board members thus allowing for proper education and experience of all Board members.

Once a Request for Proposal ("RFP") has been issued as part of the process in retaining a portfolio management firm, custodian or consultant, a diligence "quiet time" will be observed during the search process. During this "quiet time" no meals, travel, hotel or other type of gift will be accepted by the Board Members, its Board officers or employees, from a portfolio manager or consultant under consideration of retention.

B. Travel Authorization

The Retirement Administrator may approve travel by a staff member for administrative purposes, provided sufficient funds are included in the Retirement Office Budget or as amended by the Boards.

C. Employee Board Member Authorization for Release Time

In accordance with City of Fresno Administrative Order 6-6 (Exhibit "D"), an employee Board member must submit a written request for release time to his or her department director for authorization for release time to attend due diligence site visitations, and should use best efforts to provide such notice not less than thirty (30) days before the requested travel date.

D. Annual Travel Report

The Boards recognize that there is a delicate balance between a fiduciary's need to become well informed on issues and topics that might have an impact on the trusts and the fiduciary obligation to manage trust assets at a reasonable cost and for the benefit of the beneficiaries. It is the Board's policy to provide transparency over due diligence travel for Board Member and staff by having the Retirement Administrator submit an annual due diligence travel report to the

Boards listing the completed due diligence attended by Board Members and staff. Such report shall identify the individual, manager visited, cost and purpose.

E. Political Reform Act Requirements

Individual CFRS Board Members have the responsibility to ascertain and comply with their obligations under the Political Reform Act. For example, if a Board Member's accepts meals or transportation that is paid for by a third party (i.e. not the Board Member or CFRS), the Board Member is responsible for his or her compliance with the Political Reform Act.

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1. *Adopted 3/10/1999*
 2. *Amended list of approved conferences, adopted 6/15/2005*
 3. *Amended standard mileage rate, adopted 2/14/2007*
 4. *Reviewed, amended paragraphs C, G, J, N and Reimbursement Schedule, adopted 12/12/2007.*
 5. *Amended paragraph A, adopted 7/24/2008.*
 6. *Amended Exhibit A, adopted 5/13/2009*
 7. *Annual Review, revised 6/8/2011*
 8. *Amended policy, changed to three separate sections for Continuing Education, Due Diligence and Travel Reimbursement presented, adopted 2/08/2017*

EXHIBIT "A"

City of Fresno Retirement Systems
Conference Evaluation Form

EXHIBIT "B"

City of Fresno Administrative Order 6-6